

Session 11-03, a Regular Meeting of the Natural Gas Distribution Task Force was called to order by Vice Chair Howard at 12:03 p.m. on February 28, 2011 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

TASK FORCE MEMBERS: Heimbuch, Howard, Pate, Zak
ABSENT: Story
STAFF: City Manager Wrede
Deputy City Clerk Jacobsen
Special Projects Coordinator Holen

APPROVAL OF THE AGENDA

The agenda was approved by consensus of the Task Force.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

There were no public comments.

RECONSIDERATION

No reconsiderations were scheduled.

APPROVAL OF MINUTES

A. February 14, 2010 Synopsis

The synopsis was approved by consensus of the Task Force.

VISITORS

There were no visitors.

STAFF/COUNCIL/BOROUGH/KACHEMAK CITY REPORT

There were no Staff, Kachemak City, or Borough reports

PUBLIC HEARING

No public hearings were scheduled.

PENDING BUSINESS

- A. Financing Options
1. Memo from City Manager Re: Moving Forward/Recommendations to City Council
2. Draft Resolution

Mr. Heimbuch arrived at 12:05 and assumed the Chair.

City Manager Wrede reviewed his memorandum. There was brief discussion of procedure regarding the memorandum and draft resolution.

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Mrs. Howard expressed that she is now inclined to think taking the same approach as Kachemak City may be the way to go. It is the easiest to administer financially and the mil rate is a general sweep through the city. It would alleviate having to have certain percentages for districts and keeps neighbors and groups from going against each other. She noted her appreciation of the format of the memorandum from staff and suggested incorporating it into the resolution.

Mr. Zak commented that at the Economic Development District Board meeting concern was expressed that even if the project does make it in the budget, the Governor would still veto a large portion of the gas line because the project is not shovel ready for 2012. Mr. Zak said the information needs to get out that it is feasible for 2012.

Point was raised by Bill Smith through the City Manager that Enstar is planning to do it in one year by having two sets of contractors working in both directions.

Mr. Pate commented that a strong yes on the points of the memorandum would be warranted by the task force, and then it is the council's job to implement it. He believes the information provided with cost break downs is information the public needs and he thanked staff for bringing it to the group.

Chair Heimbuch concurred and recognized their goal of getting something to council and not being a hindrance to the process of moving forward.

HOWARD/ZAK MOVED TO ADOPT THE RESOLUTION AND RECOMMEND SUPPORT.

There was discussion of procedure and efficient ways to incorporate the points in the memorandum.

HOWARD/ZAK MOVED TO AMEND RESOLUTION POINT 1 THAT IT READ WORK TO SELECT THE BEST FUNDING SOURCE POSSIBLE FOR THE NATURAL GAS DISTRIBUTION OFF THE MAIN LINE WITHIN THE CITY OF HOMER.

There was brief discussion clarifying that the rest of the language in #1 would be removed and it still allows for multiple options to consider.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

HOWARD/ZAK MOVED TO STRIKE NUMBER 5 AND 6 IN THE DRAFT RESOLUTION.

There was brief discussion that this allows number 1 to do the work and not be specific. It says we have multiple sources and will select the best one.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Point was raised that it is important to including the information about Enstar's suggested work schedule. It was noted that it is information that would be more beneficial in the supporting documentation for the resolution.

HOWARD/ZAK MOVED TO STRIKE NUMBER 2.

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There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Question was raised about item 7 and the role of the middleman. Chair Heimbuch explained that in the original charge of the task force they were supposed to act as a sounding board for Enstar's build out and it was something that was incorporated in the resolution from his memo in the last packet. The task force discussed the importance of the city's role in working with Enstar and the public through this process.

HOWARD/ZAK MOVED TO STRIKE "AS A MIDDLEMAN" IN NUMBER 7 AND LEAVE THE REST.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

ZAK/HOWARD MOVED TO AMEND NUMBER 4 TO CHANGE LOCAL INSTITUTIONS TO REGIONAL BUILDINGS.

Brief discussion ensued regarding the substantial benefits to all buildings in the city, whether they are city, borough, state, or private institutions.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

City Manager Wrede asked for clarification on the intent of item 3. Chair Heimbuch commented that if the city is going to push this project we need to be pulling Kachemak City's economic engine along with us at every juncture.

There was discussion in support of moving this forward to Council despite its imperfections so they can take it from this point and refine it as they see fit.

VOTE (Main motion as amended): YES: PATE, HEIMBUCH, ZAK, HOWARD

Motion carried.

Discussion ensued regarding the memorandum and how it would be revised to follow the resolution. City Manager Wrede explained it would focus on the task force recommendation to ramp up the public lobbying effort, request administration to work post haste on required ordinance amendments, and that council evaluates the pros and cons of the range of options for funding. The pros and cons for the alternatives will be included. Mrs. Howard requested that HART be included in the options for consideration.

ZAK/HOWARD MOVED TO HAVE ADMINISTRATION PREPARE THE SUPPORTING DOCUMENTS.

There was clarification to include the building cost break downs and the memorandum of January 24th from Special Projects Coordinator Holen.

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VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Chair Heimbuch asked for recommendations on how to proceed regarding disbanding or future meetings. The members agreed not to schedule a future meeting at this time but acknowledged that they may be requested to come together by council at a future time.

NEW BUSINESS

No new business items were scheduled.

INFORMATIONAL MATERIALS

- A. Estimates on cost saving - natural gas vs. alternatives
- B. Homer News Editorial

COMMENTS OF THE AUDIENCE

Dave Weber, Kachemak City Representative, said he has done a lot of personal contact to major businesses, minor businesses, and citizens. One thing that keeps coming to the front are people saying they thought it was coming so why write a letter. This includes business that can save \$30,000 to \$40,000 per year on fuel. He would like the City of Homer to send a letter to its citizens and businesses to let them know. If people don't write letters, we won't get support for this. Safeway heats with propane and he expects they spend over \$100,000 a year on heat. Neither Safeway nor Kachemak Wholesale has written letters. He doesn't know how we can wake these people up, but we need to do it.

Anne Marie Holen, city employee and city resident, commented that it has been an interesting exercise working with the task force both from a public policy stand point, and as a home owner. This is relevant to her as when she built her house she hooked up to propane because at that time they were saying natural gas was two years out and she wanted to be ready to convert. She discovered that she cannot afford to heat her house with propane and is now using wood, which has its own issues. She thinks there would be a lot of people eager to switch to natural gas. She expected the task force to come forward and say either the city should take a role in helping to cover the upfront costs by providing an LID or special service districts where homeowners like her could pay the city back. Absent that it may be tough for many homeowners to move quickly to convert. She congratulated the task force on getting their work done. She thinks this is doable and agrees with others who have said we need to get the word out.

Bill Smith commented that Enstar is preparing a map that will give a schematic of how the build out could happen over time with main extensions off the pipeline. That would be within the City of Homer, but he hopes they would do one area wide as well. If Kachemak City comes up with the money up front it will happen within the first year. Otherwise if the City doesn't get any money together to participate in the plan Enstar still anticipates that within 10 years natural gas will be everywhere on the Homer bench including Skyline and Diamond Ridge. He hopes the map will be here in the coming week for Council to look at.

COMMENTS OF THE CITY STAFF

There were no staff comments.

COMMENTS OF THE CHAIR

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Chair Heimbuch commented that they are aware in Juneau that people and groups in our region are starting to write letters, but no one is giving us a hard target to aim at. The Governor's office commented to him that if it's such a good idea and saves so much money how come the city isn't stepping up to fund this big line? He responded that they haven't given us anything to shoot at; they sit there with arms crossed waiting to hear it's such a good idea. Mr. Heimbuch said he thinks we need people down there to be more proactive and we need to keep on our Senator and Representative to really be driving this home as much as they can. You see in the paper every other day something about a 150 million dollar bridge or road to Nome or a hydro project. He continues to think that having money available and willing to put it up is the big deal. He agrees with Ms. Holen that we have to do stuff to get in between the homeowners, the institutional buildings, and Enstar and be ready to jump in and do something. He wishes the City Council luck on what they decide to do with this.

COMMENTS OF THE TASK FORCE

Mr. Pate said he agrees whole heartedly that it is incumbent on the council and task force to use every opportunity we can to push forward with the general population of the community as far as educating. It needs to be done rapidly. He doesn't know if there is a way to publish email addresses in Juneau through an article in the paper but it would be important to have that available. He thinks the city has a responsibility to facilitate funding a project of this nature. To him it's no different than a water or sewer system. He hopes the council will see it in that light.

Mrs. Howard thanked Kachemak City reps and Assembly member Smith for coming to the meetings and staff for their work. When we bring this to council she will be making two recommendations, first that we encourage folks to write letters, but more importantly to help with points to be made in the letters and who to send it too. Secondly she will be proposing that when we know gas is coming then we zero in on how to get it from the street to the property owners. Right now we don't need to lock that in but in the meantime Juneau should do their part and we will be working in tandem.

Mr. Zak commented that when he talks about the gas line he hears people say why should we do that for them when they don't do anything for the rest of us? We have to overcome that mentality. Homer is part of the peninsula and just as important of an economic player as others in the Borough. Its 14 miles and \$10 million, but what an important thing for the economic future of the whole Borough to make this all happen.

ADJOURN

There being no more business to come before the Committee the meeting adjourned at 1:03 p.m. No further meetings were scheduled.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____